



State of Wisconsin
Governor Scott Walker

Department of Agriculture, Trade and Consumer Protection
Ben Brancel, Secretary

Date: March 8, 2013

To: Board of Agriculture, Trade and Consumer Protection

From: Ben Brancel, Secretary *Ben Brancel*
Mike Powers, Administrator, Division of Agricultural Development *Mike Powers*

Subject: Wisconsin international trade team update

Presented By: Jen Pino-Gallagher, Bureau Director, Division of Agricultural Development
International trade team staff: Enrique Gandara, Jennifer Lu, Ashwini Rao and Lisa Stout

Recommendation/ Requested Action: Information only

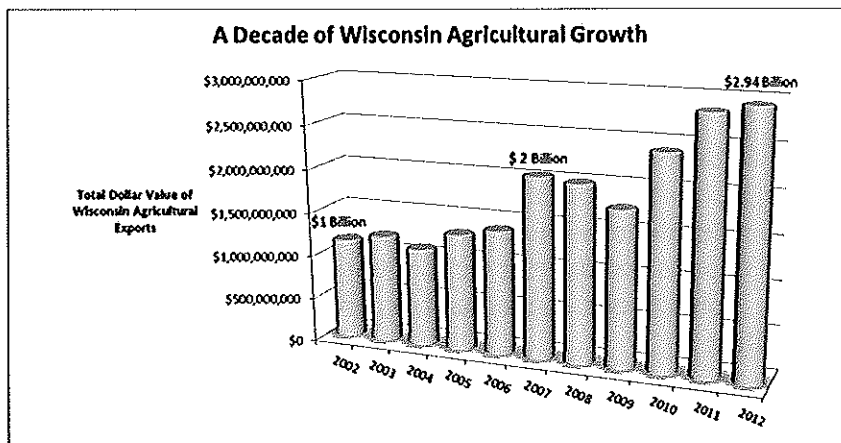
Summary/Background: The international trade team is housed within the Agricultural Market Development Bureau at the Department of Agriculture, Trade and Consumer Protection (DATCP). With an overall mission of "Helping Wisconsin Agriculture innovate, grow and be profitable", the bureau includes programs that comprise the entire continuum of local, regional and international markets for Wisconsin's small to mid-sized agricultural businesses.

Currently, Wisconsin ranks as the 13th largest exporting state of agricultural products by value. Since 1965, DATCP has offered international services to Wisconsin exporters. Throughout the years, the services offered have transformed from purely promotional assistance to a very robust core of business development services that include:

- Exporter education
- Market research
- Market development

In 2006, DATCP branded the international trade team as a collaboration between the Wisconsin Economic Development Corporation (formerly the Department of Commerce) and DATCP.

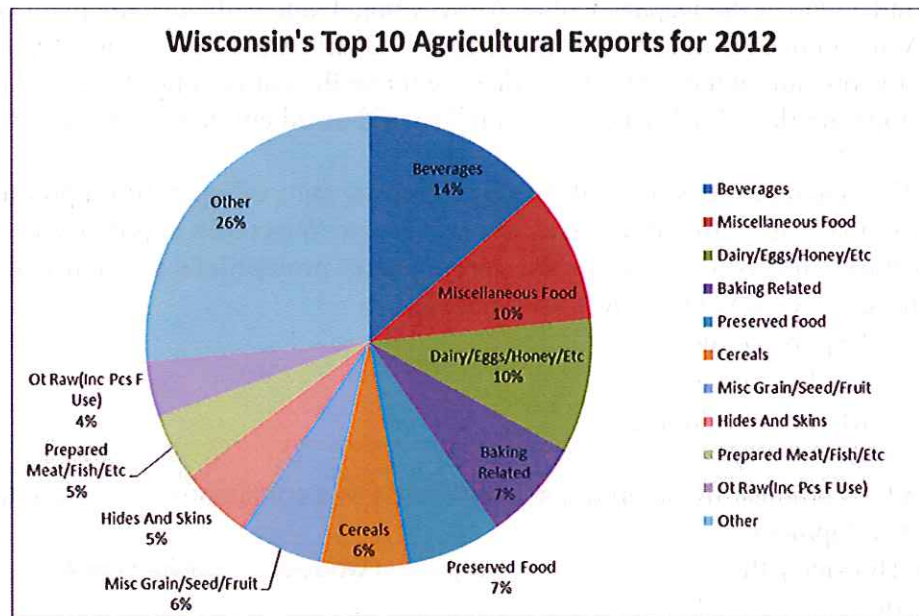
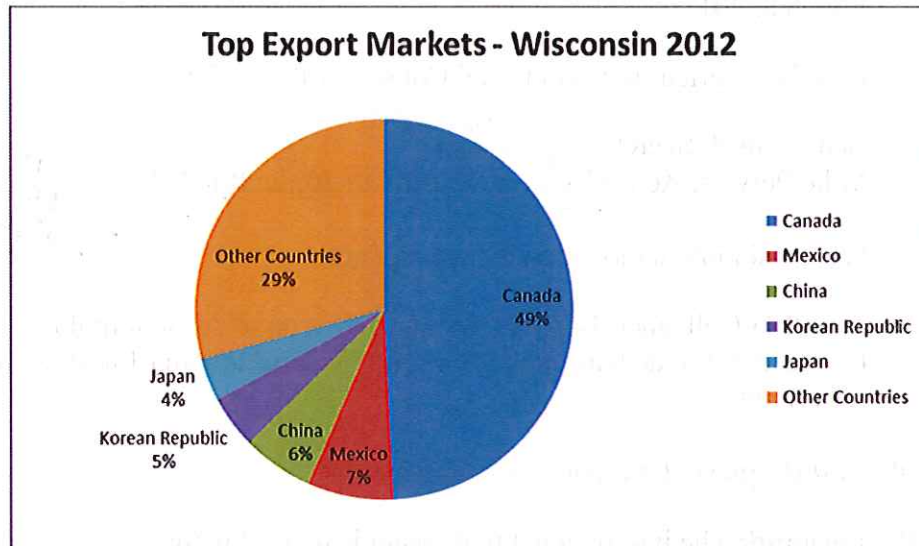
As DATCP has expanded the trade team services and staff knowledge and abilities, agricultural exports has also grown as shown by the following graphs.



Agriculture generates \$59 billion for Wisconsin

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Team: The trade team helps Wisconsin's agricultural companies and producers succeed by identifying export opportunities around the world. The trade team provides technical expertise and market development initiatives to aid in the growth of Wisconsin agriculture through increased exports and development of trade enhancing partnerships. The team analyzes client feedback, global trends, market and export data to establish criteria for identifying target markets and activities.

The four-member trade team, led by Jen Pino-Gallagher, enjoys credibility and a strong record of excellent customer service among its stakeholders, largely attributed to the expertise and knowledge base of the multi-lingual and multi-cultural staff.



The above chart shows the geographic regions covered by each team member. The trade team works in conjunction with the international staff at the Wisconsin Economic Development Corporation, the state's leading economic development organization, and other organizations to provide assistance, some of whom provide direct funding for international activities.

Partners we collaborate with include:

- Food Export Association of the Midwest (www.foodexport.org) - \$242,000 (FY13 funding)
- U.S Livestock and Genetics Association (www.uslge.org) – \$30,000 (FY13 funding)
- Small Business Administration (www.sba.gov) - \$68,000 (FY13)
- Federal State Marketing Improvement Program (www.ams.usda.gov/AMSV1.0/FSMIP) - \$65,525 (FY12)
- U.S. Dairy Export Council (www.usdec.org)
- American Hardwoods Exporters Council (www.ahec.org)

Services: Wisconsin companies - whether new to exporting or a seasoned international business - can benefit from the trade team's extensive knowledge and trade expertise. Below is a listing of services benefiting companies in every stage of a business' life cycle.

- **Business Counseling, Education and Funding**
 - Evaluate a firm's export potential
 - Guidance on the mechanics of the export process
 - Identify resources and develop potential strategies for new/ expanding markets
 - Provide referrals to federal agencies and other organizations as needed
 - Education workshops around the state cover a wide-range of topics from exporter basics to detailed sessions

- **Market Research/ market overview studies**
 - Branded Program™
 - Market Builder™

- **Market Development**
 - Agent/ Distributor Search
 - Buyers Mission
 - Trade Missions
 - Food Show PLUS!™

Case studies:

Broker Finds Tremendous Growth in Emerging Markets

Located in Green Bay, Wisconsin, *The Stone group* has been taking advantage of Food Export-Midwest's programs and services, delivered by the trade team staff, for several years. In just the past 12 months, they've seen their export sales grow dramatically, much of it possible to the contacts the company made at the Midwest Buyers Missions and Focused Trade Missions.

Mike Stone, president, The Stone Group, commented, "The spike in sales to China are commensurate with our participation in tradeshow in the region over the past two years—SIAL China and Food Ingredients China. During the tradeshow, we made more than 1,000 new buyer contacts which resulted in actual sales with a dozen new buyers." The company has used Branded Program funds to help with the cost of travel, tradeshow fees, hotel, and translating their brochures and signage into Chinese for the international audiences.

As a result of their increased export sales, The Stone Group has been able to add six full-time staff members and help many local cranberry farms survive the recent slump in the cranberry business.

Relationship with Shanghai Dairy Group Continues to Develop

The dairy industry is a worldwide business, and the relationship between the Shanghai Dairy Group and the State of Wisconsin continues to develop. Trade team staff member, Jennifer Lu, has nurtured a strong relationship with the Shanghai Dairy Group. As a result, the group has visited the state on numerous occasions to hold business meetings and participate in tours to identify potential suppliers of equipment, feed, training and technical expertise.

“While visiting China in June, I signed a letter of intent that recognized Wisconsin as the preferred supplier of agricultural goods and services for the Shanghai Dairy Group,” said Department of Agriculture, Trade and Consumer Protection (DATCP) Secretary Ben Brancel. “Their visits to Wisconsin are part of the long-term cooperation and partnership with the Shanghai Dairy Group that will be mutually beneficial.”

The Shanghai Dairy Group in China includes 40,000 cows on multiple farms, a feed facility, dairy processing, food retail, beef steers, dairy equipment and dairy technology research. The goal of Shanghai Dairy Group’s visit was to find partners from Wisconsin to grow their dairy business. As part of that goal, DATCP staff introduced the group to other entities like UW-Madison for further developing their research interests.

DATCP’s Timely Intervention Helped Company Save Thousands

DATCP staff recently worked with a company that exports basic and high performance nutritional ingredients to a number of international markets, including Asia where there is growing demand for dairy proteins and carbohydrates.

The company had six containers, valued at \$2.8million detained at a port in France because of missing documents. DATCP trade team staff worked with the Division of Food Safety to procure the necessary documents so that the containers could pass through inspection. The trade team resolved the situation within 24 hours saving the company thousands of dollars in damage fees as well as the company’s reputation!

Upcoming business development missions focused on targeted markets:

**China Business Development Mission -
Wisconsin Wood Products**

Guangzhou and Shanghai, March 24 – April 2, 2013

- Suppliers of wood products

**AgroExpo: International Feed & Feed
Ingredients Focused Trade Mission**

Bogota, Colombia, July 14-24, 2013

- Suppliers of animal feed • feed ingredients

**CIGAL-International Dairy Cattle
Conference**

Queretaro, Mexico, August 21– 23, 2013

- Genetics companies • dairy and farm equipment manufacturers • feed companies • veterinary medicine suppliers • livestock exporters

**Focused Trade Mission to Korea for
Retail and Foodservice Food Products**

Seoul, Korea, August 25-28, 2013

- U.S. suppliers of retail and food service products

**Trade Mission to Brazil, Chile and
Colombia**

Brazil, Chile and Colombia, September 9-17, 2013

- dairy products • retail and food service products

**International Feed Buyers Mission to
World Dairy Expo**

Madison, Wisconsin, October 1 – 5, 2013

- Suppliers of animal feed • feed ingredients

**SIAL Middle East Food Show Plus
Services**

*Abu Dhabi, United Arab Emirates,
November 24 – 26, 2013*

- U.S. suppliers of retail and food service products

Livestock and Genetics Seminar

Madison, Wisconsin, April 3, 2013

- Livestock or genetics companies

Export Education Seminar

*UW- River Falls, River Falls, Wisconsin,
July 16, 2013*

- Open to anyone interested in exporting

For any program to be successful, research, monitoring and evaluation of programs is essential. Results from our most recent client satisfaction survey are include below. Additionally, the trade team continually evaluates their work through obtaining evaluations from participating companies at the close of every export event, monitoring and reporting on export statistics and reviewing the export documentation issued by the Food Safety and Ag. Resource Management divisions of DATCP.

Customer Satisfaction Survey Results (summary)

- Over 45% of assistance provided was in the area of general exporting and documents.
- Trade team staff received an overall average rating of 4.19 (out of 5) for quality of services. The highest rating (4.5) was for introducing Wisconsin companies to foreign buyers.
- The trade team staff also received high ratings for being knowledgeable, timeliness, and for being easy to reach.
- Over 60% of the respondents felt that they saved time as a result of the services they received from the trade team. Over 50% felt that they were able to make a business decision with the help of the trade team.

Looking to the Future: Trends Impacting Wisconsin Agriculture

Moving forward, the need to demonstrate our commitment to innovation, and highlight our services and resources is stronger than ever before. The team is working on implementing an integrated communications plan aimed at achieving clearly identified objectives. These strategies would extend beyond individuals and businesses to include service providers, and decision makers at different levels to increase awareness. Additionally, DATCP staff has been working with SBA/ Small Business Development Export Counselors to determine new opportunities and strategies to collaborate.

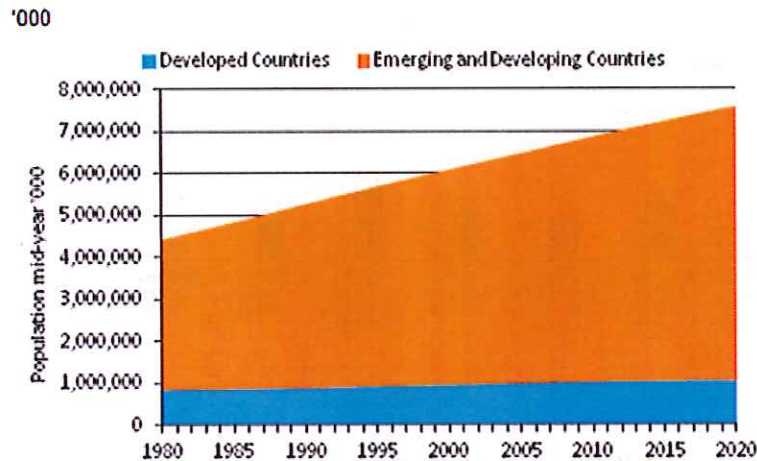
Trends	Focus Areas	Strategy
Three-quarters of the fastest-growing metropolitan economies in 2012 were located in developing regions - Asia, Latin America, and the Middle east and Africa. (Source: Global Metro Monitor, Brookings, see Figure 3)	Asia, Latin American and Middle East All agricultural companies	Focusing our efforts to engage greater number of companies in exporting as a result of the shrinking U.S. market
Prosperity is leading to a growing middle class seeking high-quality U.S. products to demonstrate their new socio-economic status. (Source: The Future of Manufacturing, Deloitte Touche Tohmatsu, Figure 4) Downturn in Wisconsin lumber industry has left Northwoods area economically challenged.	The Indian and other Asian markets have emerged as key potential markets for imported hardwood lumber and veneer, including American species Hardwood, lumber and furniture exporters.	Obtain federal funding to conduct market expansion activities for Wisconsin's lumber industries. Market feasibility study in India Wood business development mission to China
Free Trade Agreements (Source: The Future of Manufacturing, Deloitte Touche Tohmatsu, see Figure 5)	Colombia and South Korea Feed, retail food products, livestock, genetics	Funding and resources sought to execute trade building activities in Business Development

		missions planned
One-third of U.S. ag production is exported annually and about one million American jobs are supported by these exports. Ag is one of the few economic sectors in the U.S. to consistently run a positive balance of trade.	C-level executives of Wisconsin agricultural businesses.	Trade team developing an ag-focused curriculum for C-level executives focused on creating an export strategy. <i>Developed in partnership with Wisconsin Economic Development Corporation (WEDC) and the Wisconsin Manufacturing Extension Partnership (WMEP)</i>
Identifying opportunities	DATCP staff is also involved a transportation subcommittee that was formed as part of a Lakeshore International Networking Knowledge exchange (LINKe) program.	One of the objectives of the transportation subcommittee is to develop a shippers association so as to create opportunities for collaborations.

In a world of diverging demographic outcomes, the economic success of nations, businesses, and investors will depend increasingly on their ability to leverage the changing economic and demographic landscapes across different countries and regions. Below are some tables that provide more information.

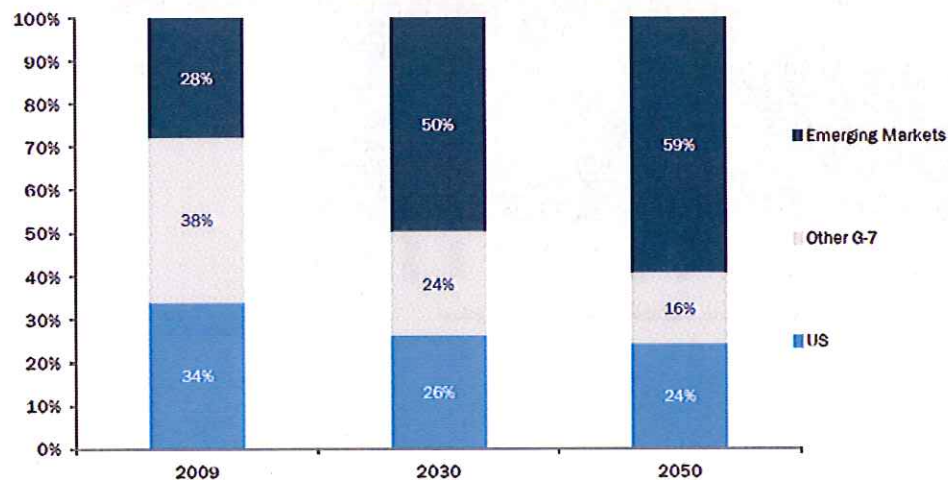
Figure 1: Global Population by region (1980-2020).

Source: *EuroMonitor International*
2012.



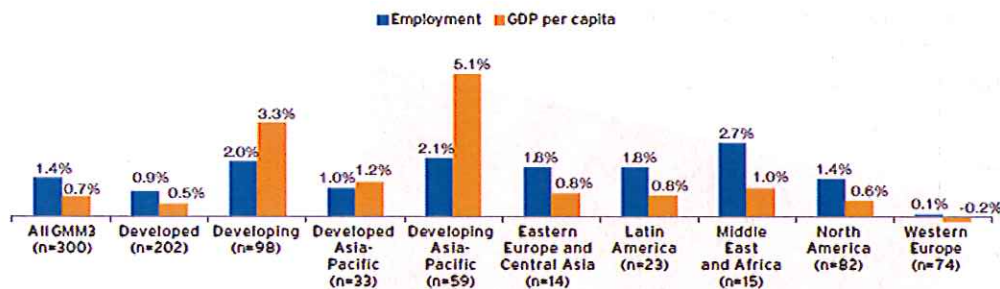
Source: National statistical offices/UN/EuroMonitor International
Note: population estimates at mid-year; data for 2011-2020 are forecasts

Figure 2: GDP (in 2005 U.S. Dollars) by Country or Country Group, as a % of the G-20 Total, 2009-2050



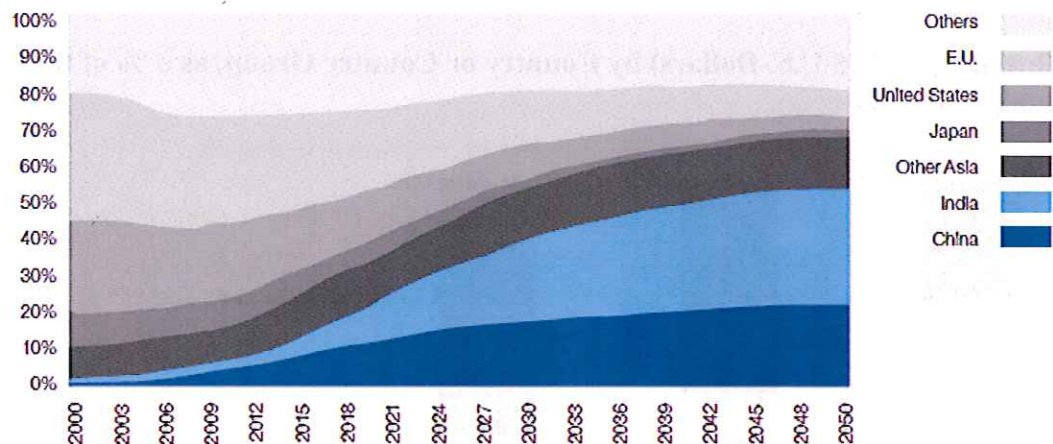
Source: Uri Dadush and Bennett Stencil, *The World Order in 2050* (Washington, DC: Carnegie Endowment for International Peace, April 2010).

Figure 3: Metropolitan GDP Per Capita and Employment Growth Rates By Region and Development Status, 300 Largest Metropolitan Economies, 2011-2012 (Source: *Global MetroMonitor 2012*, The Brookings Institution, Pg 8)



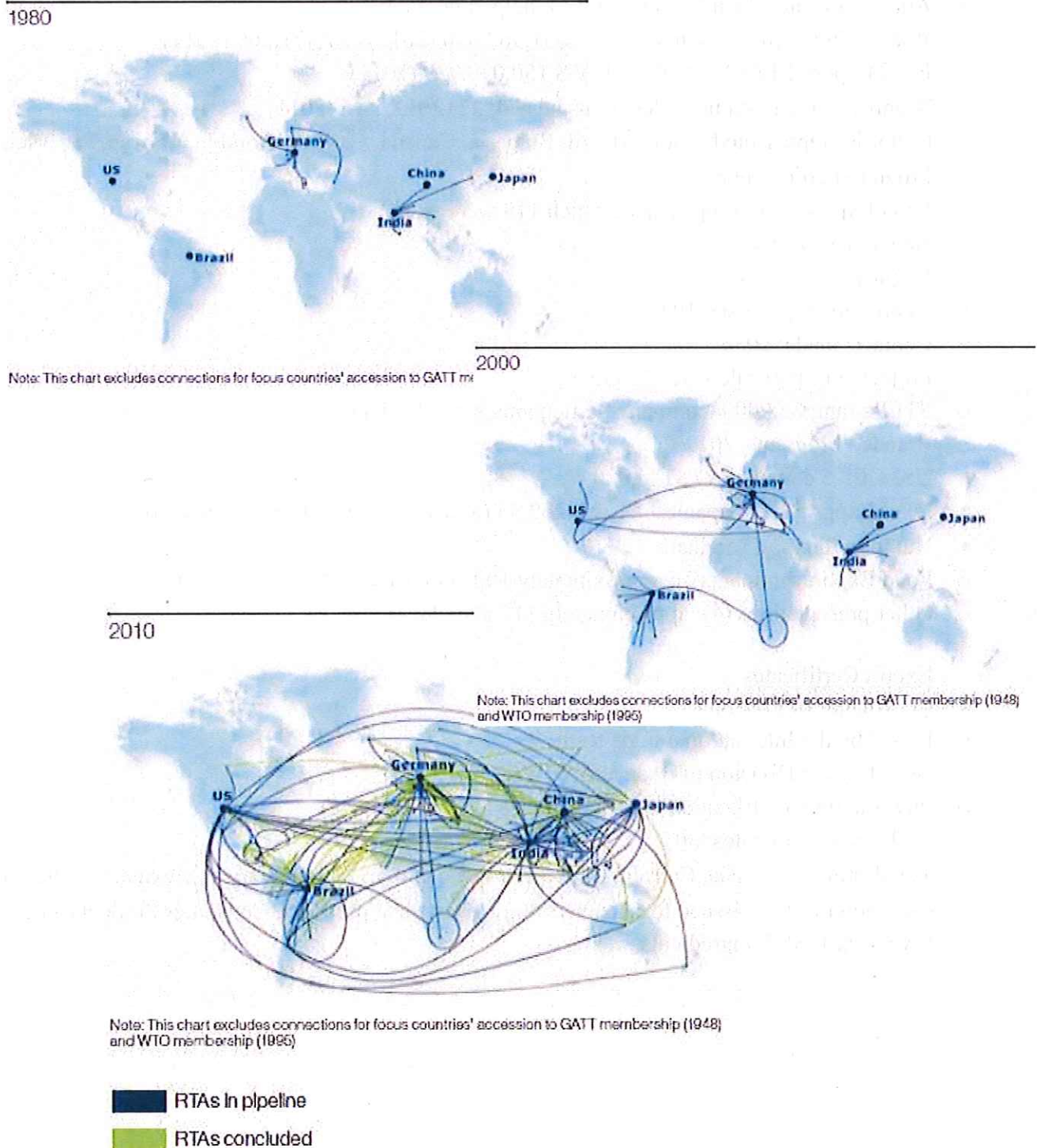
Source: Brookings analysis of data from Oxford Economics, Moody's Analytics, and U.S. Census Bureau

Figure 4: Share of Global Middle Class Consumption: 2000-2050 (*The Future of Manufacturing: Opportunities to drive economic growth*, Deloitte Touche Tohmatsu, Pg 17)



Source: Kharas, H. (2010) The Emerging Middle Class in Developing Countries. OECD Development Centre, Working Paper. Available at: <http://www.oecd.org/dataoecd/12/52/44457738.pdf> Pg. 28-9

Figure 5: Free Trade Proliferation (*The Future of Manufacturing: Opportunities to drive economic growth*, Deloitte Touche Tohmatsu, Pg 19)



**APPENDIX 1: The Wisconsin International Trade Team Activities and Results
(Jan 2012- Dec 2012)**

- Number of companies assisted: 269 (CY 2012) / 174 (CY 2011)
- Amount of sales the international team helped facilitate:
 - Wisconsin international trade team: \$31,962,000 (2012) / \$7,471,200 (2011)
 - Food Export: \$172,271,610 (2012)/ \$ 150,039,939 (2011)
- Number of international delegations hosted: 32 (2012) / 16 (2011)
 - Countries represented: India, Brazil, Bulgaria, Canada, China, Colombia, Taiwan, and Vietnam
- Program participants:
 - Food Export: 311 companies of which 119 were unique.
 - New to Export : 36
 - Employees added:177
 - Distributorships made: 104
 - Contacts made: 2036
 - Projected Export sales: \$172,271,610
 - STEP grant: \$68,000/ company participants yet to be determined
 - Branded Program - 2012
 - USLGE: 5 companies / \$145,800
 - Food Export: 27 companies/ \$1,851,259.33 (allocated – record for Wisconsin)
- Number of export seminars
 - Food Export seminars (2): approximately 100 attendees
 - Other presentations (4): approximately 115 attendees

Export Certificates

- Certificates of Free Sale
 - Issued by the International trade team: 73
 - Issued by the Division of Food Safety: 427
 - Phytosanitary certification: 5,289 (includes federal and state)
 - Re-Export certificates: 30
- Top destinations: Asia, Canada, China, European Union, Latin America, Mexico, Middle East
- Common Products issued for: Canned vegetables, Meat products, Consumer Products, Grains, Livestock feed & Ingredients

APPENDIX 2: BACKGROUND INFORMATION

ExporTech™ Program:

The ExporTech™ program is an export strategy development program designed to speed a company's "go to market" timeline by developing a customized international growth plan for the company's product in key markets. The program provides a unique focus on CEO/top management success factors and aims to provide companies with early export success at a reduced risk.

Free Trade Agreements:

Free trade are policies by which a government does not discriminate against imports or interfere with exports by applying tariffs (to imports) or subsidies (to exports) or quotas. Free Trade Agreements (FTAs) have proved to be one of the best ways to open up foreign markets to U.S. exporters. Trade Agreements reduce barriers to U.S. exports, and protect U.S. interests and enhance the rule of law in the FTA partner country. The reduction of trade barriers and the creation of a more stable and transparent trading and investment environment make it easier and cheaper for U.S. companies to export their products and services to trading partner markets. As per the International Trade Administration, forty-one percent of U.S. goods exports went to FTA partner countries in 2010, with exports to those countries growing at a faster rate than exports to the rest of the world from 2009 to 2010, 23% vs. 20%.

As of January 1, 2013, the United States has 15 FTAs in force with 20 countries. In addition, the United States has negotiated FTAs with Korea, and Colombia, but these agreements have not yet entered into force. The United States is also in the process of negotiating a regional FTA, the Trans-Pacific Partnership, with Australia, Brunei Darussalam, Chile, Malaysia, New Zealand, Peru, Singapore and Vietnam.

U.S. FTA Partner Countries:

- | | |
|----------------------------------|--------------------------|
| ○ Australia | ○ Jordan |
| ○ Bahrain | ○ Korea |
| ○ Chile | ○ Morocco |
| ○ Colombia | ○ NAFTA: Canada & Mexico |
| ○ DR-CAFTA: Costa Rica, | ○ Oman |
| Dominican Republic, El Salvador, | ○ Panama |
| Guatemala, Honduras, & Nicaragua | ○ Peru |
| ○ Israel | ○ Singapore |

